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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 20

OCTOBER 1975

Number 3

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Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - OCTOBER 1975

The Chattanooga Order minimum uniform producer price is \$9.71 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 10.7 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of \$1.36 above October 1974 and an increase of 31 cents above September 1975.

In October 1975, 88.6% of producer milk received by pool plants was priced in Class I at \$9.85 per cwt., 6.8% was priced in Class II at \$8.70 per cwt. and 4.6% was priced in Class III at \$8.60 per cwt. for milk testing 3.5% butterfat. The October butterfat differential for all milk testing above or below 3.5% is 10.7 cents.

Total producer milk received at pool plants during October 1975 was 28,090,689 pounds which is an increase of 1,772,467 pounds or a daily average increase of 6.7% compared with October 1974. The October daily average deliveries from 505 producers was 1,794 pounds. This compares to 454 farms delivering a daily average of 1,870 pounds per day during October 1974.

FOUR MIDWEST FEDERAL MILK ORDERS RECOMMENDED FOR MERGER

The U. S. Department of Agriculture (USDA) has recommended amending and merging four midwestern federal milk marketing orders, combining and expanding the area they now cover. The proposed single order would be known as the Upper Midwest order.

Affected orders are the Minneapolis-St. Paul, Duluth-Superior, Southeastern Minnesota-Northern Iowa, Minnesota-North Dakota, and Eastern South Dakota orders. The latter order would be left as a separate order, with only five of its most northerly counties included in the merger. Principal cities in the merged area are Minneapolis, St. Paul, Rochester, Duluth and Moorhead, Minnesota; Fargo, N. D.; and Superior, Wisconsin.

The recommendations are based on a public hearing held in Minneapolis last November. The hearing was held at the request of dairy farmer cooperative associations in the markets.

The decision states that hearing evidence showed that merger of the orders in this area is needed to provide more uniformity in returns to milk producers in what is now a common production and marketing area. The merger also would provide a broader basis for the equitable sharing of returns for their milk among producers throughout the Upper Midwest, according to the decision.

The proposed merger is in line with a current trend toward fewer but more far-reaching orders. For instance, the number of orders peaked at 83 in 1962, but through mergers the number now comes to 56 orders, covering much larger marketing areas. Important end-results are more orderly marketing conditions and reasonable prices for farmers, and a steady supply of milk for consumers. About 80 percent of all fluid-grade milk in the United States is now marketed under federal orders.

COMPARISON OF MILK RECEIPTS AND UTILIZATION
(DAILY AVERAGE POUNDS)

	% Oct. '75 Over Oct. '74	Oct. 1975	Sept. 1975	Oct. 1974
Number of Plants - Pool		4	4	4
-Non-Pool		12	12	14
<u>RECEIPTS</u>				
Pool Plants - Producer Milk	+ 6.7	906,151	931,721	848,975
- Other Source	+ 9.1	74,086	78,990	67,904
- Other Federal Order	-67.4	8,035	9,251	24,648
Non-Pool Plants - Cl. I Sales in Area	-14.6	58,100	57,541	68,039
TOTAL MILK RECEIPTS	+ 3.6	1,046,372	1,077,503	1,009,566
<u>UTILIZATION</u>				
<u>Class I Uses</u>				
Homogenized Milk	- 3.8	410,161	435,427	426,389
Lowfat - 2% Milk	+17.5	271,514	276,445	231,160
Skim Milk	- 2.3	20,371	20,424	20,856
Buttermilk	+ .1	59,451	58,643	59,135
Flavored Milk and Drink	+ 2.1	41,031	42,639	40,177
Sub-Total of Pkg. Items (Pool Plants)	+ 3.2	802,528	833,578	777,717
Other, Shrinkage		1,554	573	2,250
Sales to Non-Pool Plants		5,582	17,227	-0-
In Area Sales by Non-Pool Plants	-14.6	58,100	57,541	68,039
TOTAL CLASS I USAGE	+ 2.3	867,764	908,919	848,006
<u>Class II Uses - Pool Plants Only</u>				
Sweet Creams - Routes	+ 4.0	2,272	2,298	2,185
Sour Cream and Dip - Routes	+22.1	1,689	1,754	1,383
Yogurt - Routes	+17.5	483	520	411
Frozen Desserts and Ice Milk Mixes	+28.5	85,239	88,461	66,323
Other, Cottage Cheese, Inventory, etc.	-18.1	37,131	42,123	45,330
Sales to Non-Pool Plants	+67.2	7,002	7,733	4,188
TOTAL CLASS II USAGE	+11.7	133,816	142,889	119,820
<u>Class III Uses - Pool Plants Only</u>				
Animal Feed and Dumped	+44.1	7,022	6,933	4,874
Class III Shrinkage	+20.9	17,011	17,519	14,069
Inventory Variation		7,881	(10,915)	(4,853)
Other, Overage, etc.		60	75	23
Bulk Sales to Non-Pool Plants	-53.6	12,818	12,083	27,627
TOTAL CLASS III USAGE	+ 7.3	44,792	25,695	41,740
<u>IN AREA PACKAGE ROUTE DISPOSITION</u> <u>BY POOL PLANTS AND NON-POOL PLANTS</u>				
Homogenized Milk	- 7.7	311,311	330,166	337,438
Lowfat - 2% Milk	+17.9	188,724	198,815	160,058
Skim and 1% Milk	- 6.3	14,547	14,183	15,533
Buttermilk	- .8	45,553	45,527	45,935
Flavored Milk and Drink	+ 2.2	34,111	34,183	33,391
Total Class I Disposition In-Area	+ .3	594,246	622,874	592,355
<u>CLASS I PKG. ROUTE DISPOSITION</u>				
In-Area by Pool Plants	+ 2.3	536,146	565,333	524,316
In-Area by Non-Pool Plants	-14.6	58,100	57,541	68,039

COMPUTATION OF WEIGHTED AVERAGE PRICE

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OCTOBER 1975	Class Percent	Butterfat Pounds	Product Pounds	Cwt. Price @ 3.5%	Total Value
Class I Producer Milk	88.553	625,217	24,875,145	\$9.85	\$2,450,201.78
Class II Producer Milk	6.798	268,984	1,909,533	8.70	166,129.37
Class III Producer Milk	4.649	177,085	1,306,011	8.60	112,316.94
TOTAL PRODUCER MILK	100.000	1,071,286	28,090,689		\$2,728,648.09
Less Handler Class I Location Adjustment					-0-
Add Value of Overages					-0-
Add Inventory Reclassification Charges					-0-
Add Value of Class I Other Source Milk and Producer Location Adjustment					-0-
Add $\frac{1}{2}$ Producer-Settlement Fund Balance					12,522.77
Total Utilization Value @ 3.5% Test			28,090,689	9.758290	\$2,741,170.86
Less Producer Settlement Fund Reserve			28,090,689	.048290	13,564.99
WEIGHTED AVERAGE PRICE @ 3.5% TEST			28,090,689	\$9.71	\$2,727,605.87

OCTOBER 1975 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 10.7¢ PER POINT (EXCLUDES PREMIUM)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$9.175	3.6	\$9.817	4.2	\$10.459	4.8	\$11.101	5.4	\$11.743
3.05	9.2285	3.65	9.8705	4.25	10.5125	4.85	11.1545	5.45	11.7965
3.1	9.282	3.7	9.924	4.3	10.566	4.9	11.208	5.5	11.85
3.15	9.3355	3.75	9.9775	4.35	10.6195	4.95	11.2615	5.55	11.9035
3.2	9.389	3.8	10.031	4.4	10.673	5.0	11.315	5.6	11.957
3.25	9.4425	3.85	10.0845	4.45	10.7265	5.05	11.3685	5.65	12.0105
3.3	9.496	3.9	10.138	4.5	10.78	5.1	11.422	5.7	12.064
3.35	9.5495	3.95	10.1915	4.55	10.8335	5.15	11.4755	5.75	12.1175
3.4	9.603	4.0	10.245	4.6	10.887	5.2	11.529	5.8	12.171
3.45	9.6565	4.05	10.2985	4.65	10.9405	5.25	11.5825	5.85	12.2245
3.5	9.71	4.1	10.352	4.7	10.994	5.3	11.636	5.9	12.278
3.55	9.7635	4.15	10.4055	4.75	11.0475	5.35	11.6895	5.95	12.3315

CHATTANOOGA FEDERAL ORDER - MILK BASE RULES

The following Federal Order rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area.

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator prior to the first day of the month on which such division is to be effective.

CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/			Butterfat Diff.	HANDLER CLASS PRICES 1/		
	Per Hundredweight				Per Hundredweight		
	Uniform	Base	Excess		Class I	Class II	Class III
Oct. '74	\$8.35	-	-	7.9¢	\$8.54	\$6.92	\$6.82
Nov.	8.66	-	-	7.9	8.84	6.86	6.76
Dec.	8.43	-	-	7.5	8.97	6.51	6.41
Jan. '75	8.56	-	-	7.7	8.91	6.90	6.80
Feb.	8.49	-	-	7.8	8.95	6.95	6.85
Mar.	8.44 2/	\$8.75	\$6.86	7.8	9.00	6.96	6.86
Apr.	8.48 2/	8.78	6.95	8.0	9.00	7.04	6.94
May	8.60 2/	8.88	7.04	8.0	9.01	7.12	7.02
June	8.61 2/	8.90	7.13	8.0	9.09	7.21	7.11
July	8.76 2/	9.12	7.40	8.8	9.17	7.45	7.35
Aug.	8.95	-	-	9.6	9.26	7.80	7.70
Sept.	9.40	-	-	10.1	9.50	8.37	8.27
Oct.	9.71	-	-	10.7	9.85	8.70	8.60
Nov.	-	-	-	-	10.42	-	-
Dec.	-	-	-	-	10.75	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK					
	Chi. 92° Butter	Chi. Area Powder	Minn/Wisc. Mfg. Milk	Daily Average Pounds			Percentage Use		
	¢ Lb.	¢ Lb.	Cwt. -3.5%	Class I	Class II	Class III	Per Class		
							I	II	III
Oct. '74	68.84	56.91	\$6.82	745,752	68,293	34,930	87.8	8.1	4.1
Nov.	68.88	56.94	6.76	782,226	56,786	32,846	89.7	6.5	3.8
Dec.	65.32	56.74	6.41	725,078	60,395	136,814	78.6	6.6	14.8
Jan. '75	66.82	56.73	6.80	764,045	72,610	84,210	83.0	7.9	9.1
Feb.	68.07	59.24	6.85	768,419	80,627	139,425	77.7	8.2	14.1
Mar.	68.07	60.58	6.86	738,878	82,184	181,403	73.7	8.2	18.1
Apr.	69.19	60.66	6.94	759,785	108,797	146,159	74.9	10.7	14.4
May	69.19	60.36	7.02	780,974	92,334	110,920	79.3	9.4	11.3
June	69.19	60.44	7.11	721,087	118,266	113,532	75.7	12.4	11.9
July	76.62	60.45	7.35	758,335	126,105	96,461	77.3	12.9	9.8
Aug.	83.56	61.44	7.70	774,089	122,771	68,717	80.2	12.7	7.1
Sept.	87.87	64.08	8.27	845,822	63,103	22,796	90.8	6.8	2.4
Oct.	93.04	68.29	8.60	802,424	61,598	42,129	88.6	6.8	4.6

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA					
	No.	Total	Class I	Pool	No.	Total	Base	Average	Av. Per
	Hdlers	Receipts	Use	Plants	Prod.	Delivery	Delivery	Test-%	Farm
Oct. '74	18	1,009,566	848,006	4	517	848,975	-	3.77	1,642
Nov.	18	1,001,646	862,322	4	549	871,858	-	3.81	1,588
Dec.	18	1,030,894	790,484	4	616	922,287	-	3.94	1,497
Jan. '75	19	1,047,656	837,544	4	525	920,865	-	3.89	1,754
Feb.	19	1,108,305	836,919	4	601	988,471	-	3.85	1,645
Mar.	18	1,124,083	803,678	4	567	1,002,465	841,666	3.87	1,768
Apr.	18	1,122,545	825,321	4	562	1,014,741	854,515	3.78	1,806
May	18	1,101,844	846,701	4	557	984,228	840,125	3.74	1,767
June	18	1,057,279	772,728	4	570	952,885	802,710	3.71	1,672
July	18	1,097,026	811,262	4	625	980,901	782,023	3.64	1,569
Aug.	16	1,063,347	704,708	4	612	965,577	-	3.60	1,578
Sept.	16	1,077,503	908,919	4	540	931,721	-	3.66	1,725
Oct.	16	1,046,372	867,764	4	505	906,151	-	3.81	1,794

1/ Excludes Premium

2/ Weighted Average Price

3/ Other Source is Gross minus Producer